

**BEFORE THE INSURANCE COMMISSIONER  
FOR THE STATE OF DELAWARE**

<b>IN THE MATTER OF:</b>	)	
	)	
<b>HIGHMARK BCBSD Inc.</b>	)	
<b>800 Delaware Avenue</b>	)	<b>DOCKET NO. 2982-2015</b>
<b>Wilmington, DE 19801-1368</b>	)	
<b>NAIC #53287</b>	)	

**STIPULATION AND CONSENT ORDER**

**THIS STIPULATION AND CONSENT ORDER** is entered into as of  
December 31, 2015, by and between Highmark BCBSD Inc. (“Respondent”) and the  
State of Delaware Department of Insurance (“Department”).

**WHEREAS**, Respondent is health service corporation incorporated under Delaware law  
and authorized to conduct business under Chapter 63 of the Delaware Insurance Code (18 *Del.*  
*C. §§ 101, et seq.*); and

**WHEREAS**, the Department, through its examiners, conducted a routine market conduct  
examination (“Examination”) of Respondent’s affairs and practices; and

**WHEREAS**, the Department, through its examiners, prepared and provided to  
Respondent for review and comments draft versions of a report of the Examination; and

**WHEREAS**, Respondent has reviewed and commented on such draft versions of the  
report of the Examination; and

**WHEREAS**, after considering Respondent’s comments, the Department, through its  
examiners, has prepared a final report of the Examination, dated as of September 30, 2014  
(“Final Examination Report”); and

**WHEREAS**, among other findings contained in the Final Examination Report, the Department concluded that the Respondent's practices and procedures did not comply with (i) 18 *Del C.* §2304(17), in that it failed to maintain a complete record of complaints received since its last examination date as its complaint records did not reflect a detailed description of the disposition of complaints; (ii) 18 *Del. C.* § 2304(26) in that it failed to provide timely substantive response to Department inquiries; (iii) 18 *Del. Admin. Code* § 902-1.2.1.2 in that it failed to acknowledge and respond within 15 working days, upon receipt by the Respondent, to communications with respect to claims by insureds arising under insurance policies; and (iv) 18 *Del. Admin. Code* § 1310-6.0 in that it failed to either pay, deny or provide in writing a reason for the inability to pay a claim within 30 days after receipt of a clean claim (hereinafter, the "Notice Violations"); and

**WHEREAS**, Respondent desires to conduct business in full compliance with the Delaware Insurance Code and the Regulations promulgated thereunder; and

**WHEREAS**, Respondent and the Department desire to resolve this matter without recourse to any administrative hearing or court action (such as an appeal).

**NOW, THEREFORE, IT IS AGREED**, by and between Respondent and the Department as follows:

1. Respondent waives any right to a hearing on the Final Examination Report, and agrees that the Department may file the Final Examination Report without any further modifications.
2. Upon its execution of this Stipulation and Consent Order, Respondent shall pay to the Department an administrative penalty for the Notice Violations in the amount of Three Hundred Eighty-Three Thousand Dollars (\$383,000.00). Respondent shall make its check for the administrative penalty payable to the "State of Delaware."

3. Respondent waives any right to challenge in an administrative or court proceeding any of the terms and conditions of this Stipulation and Consent Order.

4. This Stipulation and Consent Order is the free and voluntary act of the Respondent, and its terms are binding upon the Respondent and may be admitted into evidence in any judicial or administrative proceeding against the Respondent to enforce such terms. Respondent acknowledges that it has had a full opportunity to seek and receive advice of counsel on all matters related to this Stipulation and Consent Order.

5. This Stipulation and Consent Order contains all of the terms and conditions agreed to by the parties and constitutes the final agreement between the Respondent and the Department with regard to the Examination.

6. No change, amendment, or modification hereto shall be effective or binding unless it is in writing, dated, and signed by the parties.

7. If the Department fails to act on any one or more defaults by the Respondent, such failure to act shall not be a waiver of any rights hereunder on the part of the Department to declare the Respondent in default and to take such action as may be permitted by this Stipulation and Consent Order or by law.

8. This Stipulation and Consent Order may be signed in duplicate, and both documents shall be considered originals. The person executing this Stipulation and Consent Order on behalf of Respondent shall acknowledge his or her signature before a Notary Public and, by executing this Stipulation and Consent Order, certifies that he or she is duly authorized to execute this Stipulation and Consent Order on behalf of Respondent. Respondent agrees that an uncertified copy of this Stipulation and Consent Order shall be valid as evidence in any proceeding for purposes of enforcement.

9. This Stipulation and Consent Order shall survive the Respondent and be enforceable against its successors, transferors, or assigns.

HIGHMARK BCBSD INC.

DELAWARE INSURANCE DEPARTMENT

  
TIMOTHY J. CONSTANTINE  
~~EVP, Commercial Markets~~ President  
Date: 12/30/15

  
KAREN WELDIN STEWART, CIR-ML  
Insurance Commissioner  
Date: 1/4/2016

**Witness to Respondent's Signature**

Name: Holly J. Westergaard  
Title: Executive Assistant  
Date: 12/30/16

STATE OF Delaware )  
COUNTY OF New Castle ) SS.

The foregoing instrument was acknowledged before me this 30th day of December 2015, by Timothy J. Constantine, who is personally known to me or who has produced \_\_\_\_\_ as identification, and who certified that he or she is duly authorized to execute this document on behalf of Respondent.

GIVEN under my Hand and Seal of office, the day and year aforesaid.

Diane M. Coates  
NOTARY PUBLIC

Diane M. Coates  
PRINT NAME

5/19/2017  
MY COMMISSION EXPIRES

**DIANE M. COATES**  
Notary Public - State of Delaware  
My Commission Expires May 19, 2017